



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

July 3, 2009

Byung Do Lee, CFO
REMEC Defense & Space, Inc.
9404 Chesapeake Dr.
San Diego CA 92123

Dear Mr. Lee:

RE: FINAL MONITORING VISIT REPORT for REMEC Defense & Space, Inc. – ET07-0361

Date of the Visit:	4/22/09
Beginning/Ending Time:	3:00 p.m. – 4:30 p.m.
Date of Last Visit:	4/10/08
Visit Location:	San Diego
Persons in attendance:	Nyla Marson, Sr. H.R. Manager, REMEC Defense & Space; Joe Davey, ETP Analyst
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	5/1/07 – 4/30/09	Agreement Amount:	\$656,208
Training Start Date:	5/20/07	No. to Retain:	588
Date Training must be Completed:	1/30/09	Range of Hours:	24 - 200
Type of Trainee:	Retrainee	Weighted Ave. Hours:	62

*SUMMARY OF ACTION
REQUIRED FROM THIS VISIT:*

Attendance Rosters: See Page 2
Closeout Invoice: See Page 3

SACRAMENTO CENTRAL OFFICE
1100 J Street, 4th Floor
SACRAMENTO, CA 95814
(916) 327-5640

N. HOLLYWOOD REGIONAL OFFICE
4640 Lankershim Blvd., Suite 311
NORTH HOLLYWOOD, CA 91602
(818) 755-1313

S.F. BAY AREA REGIONAL OFFICE
1065 East Hillsdale Blvd, Suite 415
FOSTER CITY, CA 94404
(650) 655-6930

SAN DIEGO REGIONAL OFFICE
5353 Mission Center Road, Suite 110
SAN DIEGO, CA 92108
(619) 686-1920

www.etp.ca.gov
ETP (04/15/05)

ATTENDANCE ROSTERS:

Mr. Davey reviewed approximately 20 class/lab attendance rosters for 25 trainees in Job 1. Mr. Davey focused on trainees who were reported to have received 10 or more hours of training and who had completed at least 24 hours of training to be eligible for full reimbursement. He compared class/lab tracking data on the ETP online tracking system with the class/lab rosters to ensure that all ETP required information was present.

Mr. Davey found that all of the required ETP information was included in the rosters selected for review. However, he discovered that rosters for the following dates – 6/16/08, 6/18/08, and 6/27/08; and 10/16/08 – had duplicate rosters (identical photocopies) among the valid rosters. In these cases, the duplicates accounted for most of the reporting errors for the trainees with more than 10 hours. Of the other trainees who received more than 10 hours, Ms. Marson explained that these occurrences were due to a data entry error.

All class/lab tracking data must agree with actual training hours as reported in the class/lab rosters. Please be advised that all class/lab tracking data must be correct and accurate prior to the submission of the final invoice. Ms. Marson agreed to correct all the errors identified in the 10 hour report before the end term date of the Agreement (4/30/09) and prior to the submission of the closeout invoice.

In a follow-up e-mail on 6/2/09, Ms. Marson reported that she was unable to make the corrections above because trainees had already received the second progress payment (P2), which prevents any further editing of class/lab data. She said she would work with ETP's Help Desk staff to try and correct the problem as soon as she could. As of the date of this report, the corrections have not been made.

You are advised that the corrections identified above must be made before submitting the final, closeout invoice. Also, you are advised that only a sample of records has been reviewed on this project and it is suggested that REMEC conduct a 100 percent review of all class/lab rosters prior to the closeout of this training project.

FINAL REPORT SUMMARY:

- ***HISTORY OF AGREEMENT CHANGES***

The Agreement was executed on 6/15/07 and training began on 5/20/07. Your staff reported that all training was completed on 1/28/09, which allows for the 90-day retention period to be completed within the term ending date of the Agreement – 1/30/09.

- ***INTERVIEW WITH Nyla Marson, Senior Human Resources Manager***

Ms. Marson reported that REMEC's ETP training project performed better than anticipated. She reported that REMEC reduced its turnover rate from 25% to 9% in 2008, and improved employee morale because of ETP funded training. The implementation of the company's SAP Enterprise Resource Planning (ERP) system went smoothly with few problems, assisted by ETP funded training. ETP training also "sold" the company's executives on the need for more training.

Ms. Marson reported that the major stumbling block in implementing the training project was educating staff on ETP's record keeping and administrative requirements. Trainers and training coordinators did not understand the importance of the rosters, with the result that many training hours were lost because they weren't documented. She reported that she did not find ETP's record keeping requirements particularly bothersome or onerous. She said that ETP's online Forms and Tracking systems were user-friendly and made many processes easier.

At the time of the visit, MS. Marson provided Mr. Davey with projected statistics for the closeout of the Agreement. Ms. Marson reported that she had additional training hours to upload into the ETP online tracking system but would complete this within a week of the visit date. According to your records at the time of this final meeting, you expected to retain approximately 150 (25 percent of planned retentions) trainees for a total reimbursement of approximately \$250,000, (38 percent of the encumbered amount). MS. Marson stated that the closeout invoice will be submitted by 5/30/09.

REMEC's records show that 190 trainees have completed the minimum 24 hours of training (32% of planned retentions) and 96 trainees have completed the 90 day retention period (16% of planned retentions). Ms. Marson reported that not all of the 190 trainees will complete the 90-day retention period due to voluntary and involuntary separations. She reported that she has an additional number of trainees who will be submitted for full reimbursement with the closeout invoice.

Current records show that REMEC has received \$190,068 in progress payments, of which \$7,794 has been approved as earned and \$191,051 in potential earnings. The table below shows performance statistics as of the date of this report:

Job 1:	
No. Trainee(s) completed the minimum (24) required hours is:	190
No. Trainee(s) completed the maximum hours allowable is:	11
Total recorded Class/Lab hours are:	17,421
Total recorded eligible Class/lab hours (for trainees @ 24 min. hours) are:	13,535
Total amount eligible to earn:	\$243,630

CLOSEOUT INVOICE:

Mr. Davey reminded MS. Marson that the closeout invoice should be submitted no later than 30 days after the end term date of the Agreement. **If the closeout invoices has not yet been submitted, please contact ETP's Fiscal Unit to request an extension.**

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Trainees Started Training:	477	Completed Retention:	150
Dropped Following Enrollment:	0	In Retention Period:	96
Completed Minimum Hours for reimbursement:	190		
Completed Training:	190		

SUBAGREEMENTS:

Mr. Davey reminded Ms. Marson to update all Subcontractor information on ETP's online Forms website. Ms. Marson agreed to update all Subcontract information before the end term date of the Agreement 4/30/09.

AUDIT:

REMEC Defense & Space, Inc. will be notified in writing if this agreement is selected for an audit, conducted either at your site (field audit) or by telephone (desk audit or "review"). The Audit Notification and Audit Confirmation letters will be sent in advance to allow ample preparation time and will include a list of documents that will be examined by the auditor. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

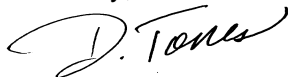
- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Joe Davey at (619) 686-1919 or at JDavey@etp.ca.gov, within ten (10) working days from the receipt date of this letter.

Sincerely,



Diana Torres, Manager
San Diego Field Office



Joe Davey, Contract Analyst
San Diego Field Office

cc: Nyla Marson, Sr. H.R. Manager, REMEC Defense & Space

Brian McMahon, Executive Director
David Guzman, Chief, Program Operations Division
Kulbir Mayall, Manager, Fiscal and Certification

Master File
Project File

Date report mailed to Contractor July 6, 2009